

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ZILLOW, INC.,

Plaintiff,

v.

TRULIA, INC.

Defendant.

Case No.

COMPLAINT FOR PATENT
INFRINGEMENT

DEMAND FOR JURY TRIAL

Plaintiff Zillow, Inc. (Zillow) for its Complaint against the defendant Trulia, Inc. (Trulia), hereby alleges as follows:

THE PARTIES

1. Plaintiff Zillow is a corporation duly organized under the laws of Washington with its principal place of business at 1301 Second Avenue, Floor 31, Seattle, Washington, 98101.

2. Upon information and belief, Defendant Trulia is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 116 New Montgomery Street, #300, San Francisco, California, 94105.

JURISDICTION AND VENUE

3. This action arises under the United States Patent Laws, codified at 35 U.S.C. § 1, et seq.

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2 4. This Court has exclusive subject matter jurisdiction under 28 U.S.C.
3 §§ 1331 and 1338(a).

4 5. Trulia has sufficiently continuous and systematic contacts with this judicial
5 district and the state of Washington to subject it to the jurisdiction of this Court. Trulia's
6 website, Trulia.com, lists properties in this judicial district and throughout Washington for
7 sale and advertises to users, real estate agents, home buyers, home sellers and residents
8 throughout Washington to buy and sell properties and search for real estate information on
9 Trulia.com. On information and belief, Trulia receives revenue from Washington
10 companies who advertise their products and services on Trulia.com. In addition, Trulia has
11 committed acts of infringement in this District, and continues to commit acts of
12 infringement in this District, entitling Zillow to relief.
13

14 6. Venue is proper in the Western District of Washington pursuant to 28
15 U.S.C. §§ 1391(b), (c) and 1400(b), because Trulia has committed acts of direct and
16 indirect infringement in the Western District of Washington, has transacted business in the
17 Western District of Washington, and has established minimum contacts with the Western
18 District of Washington.
19

20 **FACTUAL BACKGROUND**

21 7. Zillow launched its real estate information website Zillow.com in 2006,
22 revolutionizing the industry by offering users its patented Zestimate home valuation
23 ("Zestimate") service. Consistent with its mission to empower users, the Zillow Zestimate
24 permits home owners and real estate professionals to update automatic valuations of homes
25 with additional home facts and information to refine the valuation. To date, more than 33
26 million homes have been updated in this way, or 33 percent of Zillow's database of more
27 than 100 million homes, making the Zillow database substantially more useful and accurate
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1
2 for users. Zillow's innovative Zestimates have proved very popular and have played a
3 major role in Zillow's success and growth into the largest real estate website, and the most
4 popular suite of mobile real estate applications for smartphones and tablet computers.

5 8. On February 3, 2006, Zillow applied for a patent for one of the innovative
6 processes that has helped drive Zillow's success—Zillow's process for using data input by
7 users to refine Zillow's automatic home valuations. On June 28, 2011, the United States
8 Patent and Trademark Office issued United States Patent No. 7,970,674 B2 (the "'674
9 Patent") to Zillow, for an invention entitled "Automatically Determining A Current Value
10 For A Real Estate Property, Such As A Home, That Is Tailored To Input From A Human
11 User, Such As Its Owner."

12
13 9. Trulia runs another real estate information website, Trulia.com, and also
14 offers mobile real estate applications for smartphones and tablet computers, all of which
15 compete with Zillow for web traffic and revenue. Up until September 7, 2011, Trulia
16 offered no automatic home valuation service to users. On that date, Trulia announced that
17 it too would provide automatic home valuations and that it too would use input from
18 homeowners to refine those valuations.

19
20 10. Trulia calls its version of Zestimates "Trulia Estimates." Like Zestimates,
21 Trulia Estimates provide automatic valuations of properties based on "recent sales of
22 similar homes and home facts like number of bedrooms and bathrooms, square footage, and
23 more." Also like Zestimates and the invention taught by the '674 Patent, Trulia Estimates
24 permit and rely on homeowners to "claim your home" and provide additional information
25 about their properties to refine the automatic valuations. Trulia states on its website: "Our
26 estimates also incorporate updates from homeowners who claim their homes and enhance
27 the profiles for those homes on Trulia."
28

1
2 11. The invention taught by the ‘674 Patent is a key feature of Trulia Estimates
3 and it features prominently in Trulia’s own descriptions of the Trulia Estimate feature. For
4 example, when Trulia describes Trulia Estimates on its website, in the first paragraph it
5 states: “You can help us improve our accuracy by telling us what you think of your home’s
6 Estimate, and by claiming your home and updating its facts.” When Trulia launched Trulia
7 Estimates in beta, Trulia’s Head of Communications wrote on the Trulia website:

8
9 Trulia Estimates starts with a number built from local real estate info, including
10 prices of recently sold similar homes, and collects inputs from locals – agents,
buyers and owners – to ultimately improve the estimates in those local areas.

11 See [http://corp.truliablog.com/2011/09/07/whats-it-worth-trulia-estimates-launches-](http://corp.truliablog.com/2011/09/07/whats-it-worth-trulia-estimates-launches-in-beta/)
12 [in-beta/](http://corp.truliablog.com/2011/09/07/whats-it-worth-trulia-estimates-launches-in-beta/). And when Trulia launched Trulia Estimates nationwide, Trulia’s Head of
13 Communications wrote solely about the homeowner entering data feature to educate
14 homeowners about how they could update the Trulia Estimate for their own home. See
15 <http://corp.truliablog.com/tag/home-value/>.

16
17 12. When Trulia first launched Trulia Estimates, it was obvious to
18 commentators that Trulia was merely copying Zillow. Commentators accused Trulia of
19 being a “copycat” of Zillow’s Zestimate service and predicted that Trulia’s copycat version
20 might “ding” Zillow’s web traffic. Online Marketing Group reported:

21 Trulia is now jumping on the home valuation bandwagon, launching a beta version
22 of what looks like exactly the same thing as a Zestimate, called a “Trulia Estimate,”
23 for the San Francisco area. I don’t know if Trulia is envious of Zillow’s successful
IPO, or if they are just trying to expand the resources on their site, but I wish it
wasn't by copying Zillow to the letter. At least they are not calling it a “TEstimate.”

24 See [http://www.onlinemarketinggrp.com/blog-entry/trulia-launches-its-own-](http://www.onlinemarketinggrp.com/blog-entry/trulia-launches-its-own-zestimate-copycatting-zillow-again)
25 [zestimate-copycatting-zillow-again](http://www.onlinemarketinggrp.com/blog-entry/trulia-launches-its-own-zestimate-copycatting-zillow-again).

26
27 13. An independent technology news site called “GeekWire” published an
28 article about the similarities between the two home valuation services, titled “Trulia takes a

1 swipe at the heart of Zillow, launches its own home valuation tool,” which explained that
2 Trulia Estimates threatened Zillow because it copied one of the innovations that helped set
3 Zillow apart from its competitors:
4

5 One of the key advantages that Zillow has held over its rivals is the Zestimate. Love
6 it or hate it, Zillow’s automated home valuation service has helped snare curious
7 users who’ve wondered about the current value of their own home or the
8 dilapidated cottage down the street.

9 See <http://www.geekwire.com/2011/trulia-takes-swipe-zillow-launches-home-valuation-tool/>.

10 14. Property Portal Watch described Trulia’s new services and then noted: “Of
11 course, trulia.com competitor zillow.com has been offering its own estimates or
12 ‘Zestimates’ since 2006.” See [http://www.propertyportalwatch.com/2011/09/trulia-](http://www.propertyportalwatch.com/2011/09/trulia-launches-value-estimates/)
13 [launches-value-estimates/](http://www.propertyportalwatch.com/2011/09/trulia-launches-value-estimates/). Mark Wellborn of Urban Turf noticed the similarity between
14 the home owner update feature of Zestimates and Trulia Estimates on the day Trulia
15 Estimates launched, stating: “Another interesting aspect of both the Trulia service and the
16 Zestimate is that users can provide feedback on the home valuations that will affect the
17 valuation in some way.” See
18 http://dc.urbanturf.com/articles/blog/value_added_trulia_launches_beta_version_of_home_valuation_service/4104.

19 15. On August 17, 2012, Trulia filed a Form S-1 Registration Statement with
20 the Securities and Exchange Commission in an attempt to raise up to \$75 million. In its S-
21 1, Trulia highlighted the importance of its solicitation and receipt of homeowner feedback
22 in refining its automatic home valuations:
23

24 Trulia Estimate is our estimate of an off-market property’s value based on our
25 proprietary analysis of relevant home data such as recent sales of similar homes and
26 property facts. This search function allows users to conduct a precise search by
27 street address to find our estimate of the value of that home. Additionally, home
28

owners may claim their home in our database and edit their home's specific facts and details so that our proprietary system can revise its estimated value.

(emphasis added).

16. Trulia's blatant and ongoing copying of Zillow's innovative approach to home valuation infringes Zillow's patent and Zillow is entitled to damages and an injunction against further infringement.

COUNT ONE - INFRINGEMENT OF THE '674 PATENT

17. On June 28, 2011, United States Patent No. 7,970,674 B2 (the '674 Patent) was duly and legally issued for an invention entitled "Automatically Determining A Current Value For A Real Estate Property, Such As A Home, That Is Tailored To Input From A Human User, Such As Its Owner." Zillow was assigned the '674 Patent and continues to hold all rights and interest in the '674 Patent. A true and correct copy of the '674 Patent is attached as Exhibit A.

18. Zillow has practiced the '674 Patent since 2006 by offering home valuations to users called "Zestimates," which are updated by obtaining information from home owners about their homes.

19. Trulia has infringed and continues to infringe the '674 Patent by its use of, for example, the Trulia Estimate feature, and by Trulia's contributing to the use of, and inducement of others to use, infringing features and services. Under 35 U.S.C. § 271, Trulia is liable for its infringement of the '674 Patent.

20. Trulia's acts of infringement have caused damage to Zillow, and Zillow is entitled to recover from Trulia the damages sustained by Zillow as a result of Trulia's wrongful acts in an amount subject to proof at trial.

1
2 21. Zillow and Trulia compete for consumer traffic and advertisers. Trulia's
3 infringement of Zillow's exclusive rights under the '674 Patent will continue to damage
4 Zillow, causing irreparable harm for which there is no adequate remedy at law, unless and
5 until enjoined by this Court.

6 **JURY DEMAND**

7 22. Zillow demands a trial by jury.

8
9 **PRAYER FOR RELIEF**

10 WHEREFORE, Zillow prays for relief against Trulia as follows:

11 a. Judgment that Trulia has infringed the '674 Patent, contributed to infringement
12 of the '674 Patent and induced others to infringe the '674 Patent;

13 b. Judgment that the '674 Patent is valid and enforceable;

14 c. A permanent injunction enjoining Defendant, its respective officers, agents,
15 servants, employees, and those acting in privity with it, from further infringement of the
16 '674 patent;

17
18 d. Requiring Defendant to file with this Court, within thirty (30) days after entry
19 of final judgment, a written statement under oath setting forth in detail the manner in which
20 it has complied with the injunction;

21 e. Awarding Zillow damages adequate to compensate for the infringement by
22 Defendant, but in no event less than a reasonable royalty for the use made of the invention
23 by Trulia, together with pre-judgment and post-judgment interest and costs under 35 U.S.C.
24 § 284;

25
26 f. Declaring this case exceptional pursuant to 35 U.S.C. § 285, and awarding
27 Zillow its attorney fees;
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g. Costs of court; and

h. Awarding to Zillow such other and further relief, in law or equity, as the Court deems just.

Dated: September 12, 2012

/s/ Brooke A. M. Taylor

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